

Message Text

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12

ACTION NEA-10

INFO OCT-01 ARA-06 EUR-12 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

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SS-15 STR-04 CEA-01 OES-03 FEA-01 INT-05 /105 W

----- 042509

R 161440Z MAR 76

FM AMEMBASSY TRIPOLI

TO AMEMBASSY LIMA

INFO SECSTATE WASHDC 3070

AMEMBASSY ABU DHABI

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY KUWAIT

AMEMBASSY MADRID

LIMITED OFFICIAL USE TRIPOLI 0358

E.O. 11652: N/A

TAGS: EINV, EFIN, PE, SA, LY

SUBJECT: ARAB FINANCIAL MISSION TO LATIN AMERICA

REF: LIMA 2309

1. WE BELIEVE LIBYA MIGHT ASSIST IN ARRANGING ARAB
LOAN FOR PERU PIPELINE PROJECT IF ITS OWN INVESTMENT
SMALL AND MORE CONSERVATIVE ARAB STATES COULD BE
PERSUADED COME ACROSS WITH MOST REQUIRED CAPITAL. WE
HAVE NO SPECIFIC INFORMATION ON LIKELIHOOD LIBYAN
PARTICIPATION IN ANY ARAB LOANS IN LATIN AMERICA AND WE
UNLIKELY OBTAIN MUCH DUE LIBYAN REFUSAL TO PUBLICLY
OR PRIVATELY DISCUSS ITS FOREIGN INVESTMENT OR AID
PROGRAMS. LIBYAN LEADERSHIP IS ACUTELY SENSITIVE TO
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CHARGES THAT NATIONAL WEALTH IS SQUANDERED ABROAD.

2. LARG IS NOT AN ENTHUSIASTIC PARTICIPANT IN LONG-TERM MULTILATERAL INVESTMENT OR AID PROJECTS. LIBYANS VIEW "EXCESS" OIL REVENUES AS FUNDS TEMPORARILY AWAITING INVESTMENT IN DOMESTIC DEVELOPMENT PROJECTS. THUS TWO PRIORITY INVESTMENT CRITERIA ARE LIQUIDITY AND SAFETY. LARG RESERVES WERE DRAWN DOWN PAST YEAR DUE INCREASED AMOUNT DEVELOPMENT SPENDING AND LOWERED OIL REVENUES. GOVERNMENT HAS RECENTLY TAKEN MEASURES INCREASE OIL PRODUCTION WITH APPARENT AIM OF INCREASING REVENUES FOR EXPANDED NEW FIVE YEAR DEVELOPMENT PLAN PLUS EFFORT REBUILD RESERVES.

3. LARG HAS MADE INVESTMENTS AND GIVEN GRANTS IN THOSE MIDDLE EAST, AFRICAN AND ISLAMIC COUNTRIES WHERE THERE IS PROSPECT POLITICAL RETURN. OTHER THAN DIRECT GRANTS TO PALESTINIAN GROUPS AND ASSORTED LIBERATION TERRORIST MOVEMENTS LARG INVESTMENTS HAVE BEEN CHanneled TO ARAB, ISLAMIC OR AFRICAN COUNTRIES WHERE THERE IS A CLEAR PROSPECT OF POLITICAL BENEFIT ON THOSE ISSUES WHICH MOST INTEREST LIBYAN LEADERSHIP -- PRIMARILY IN SUPPORT OF MIDDLE EAST HARD LINE. LARG OBJECTIVES IN INVESTMENT OR GRANT FINANCE IN LATIN AMERICAN WOULD BE TO MINIMIZE SIZE ITS FINANCIAL PARTICIPATION AND MAXIMIZE ITS POLITICAL RETURN.
CARLE

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